

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

United States Courts
Southern District of Texas

JUN 25 2007

Michael N. Milby, Clerk of Court

UNITED STATES OF AMERICA

§
§

4:07CR263

§ Count 1: 18 USC 371-Conspiracy

§ Count 2: 18 USC 1956(h)-Conspiracy

§ to Money Launder

§ Count 3 & 4: 18 USC 1343-Wire Fraud

§ Counts 5 - 8: 18 USC 1341-Mail Fraud

§ Counts 9 - 14: 18 USC 1957- Monetary

§ Transactions with Criminally Derived

§ Property

§ Notice of Criminal Forfeiture

v.

WARREN TODD HOFFNER
RACHEL ROSSOW
JOHN PRESTAGE

INDICTMENT

THE GRAND JURY CHARGES:

COUNT ONE

(Conspiracy, 18 U.S.C. 371)

A. INTRODUCTION

At all times material to this indictment:

The Hartford Insurance Company

1. The Hartford Insurance Company ("The Hartford") located in Hartford, Connecticut, is one of the largest investment and insurance companies in the United States, and offers business insurance among other products. The Hartford insured a number of companies which were manufacturers, sellers, and/or distributors of silica containing products or related protective equipment and

safety products. These companies included Pulmosan, Pauli and Griffin, Gifford Hill, Humble Sand, Ideal Basic, Mine Safety Appliances (“MSA”), Oglebay Norton, Empire Abrasives and Specialty Sand (the “Insureds”).

2. The department of The Hartford known as Claim and Legal Management Services (“CaLMS”) handled general liability lawsuits and claims against The Hartford’s Insureds that involved latent injuries related to exposure to asbestos and silica, and other latent injuries that spanned multiple policy periods.

3. Within The Hartford’s CaLMS department was a Functional Claim Team section. The Functional Claim Team section consisted of several teams of “claim handlers,” each supervised by a team leader, all working toward the management and settlement of claims against The Hartford’s Insureds. The Functional Claim Team section referred to the Insureds that had claims brought against them as their “Accounts.”

The Defendants

4. Warren Todd Hoeffner (“Hoeffner”), defendant herein, was the general partner of Hoeffner & Bilek, LLP (“Hoeffner & Bilek”), a law firm in Houston, Texas. Hoeffner represented individuals who brought silica-related claims against The Hartford’s Insureds.

5. Rachel Rossow (“Rossow”), defendant herein, was an employee of The

Hartford occupying a position of trust and responsibility from April 10, 2000, until on or about September 17, 2003. During Rossow's employment with The Hartford she earned a salary ranging from approximately \$75,000 to \$85,000 per year. From November 2000 until the time of her dismissal, Rossow was a team leader in the CaLMS department. As a team leader, Rossow supervised several claim handlers, including John Prestage. Rossow was responsible for settling claims and for recommending to The Hartford appropriate and cost effective amounts to settle claims against The Hartford's Insureds whose accounts were under her supervision.

6. John Prestage ("Prestage"), defendant herein, was an employee of The Hartford occupying a position of trust and responsibility from December 18, 2000 through on or about January 17, 2004, as a CaLMS claims consultant assigned to various Accounts by Rossow. During his employment at The Hartford, Prestage earned a salary ranging from approximately \$45,000 to \$69,000 per year. Prestage was responsible for settling claims and for recommending to The Hartford appropriate and cost effective amounts to settle claims against The Hartford's Insureds whose accounts were assigned to him.

The Claims and The Hartford

7. Hoeffner & Bilek, along with other law firms, represented hundreds of

individuals who claimed that they had silicosis and/or other silica-related diseases. Hoeffner & Bilek combined their various silicosis clients with like clients of other attorneys or firms and filed joint claims and/or civil lawsuits against manufacturers, sellers and/or distributors of silica containing products or related protective equipment and safety products.

8. Hoeffner & Bilek represented hundreds of claimants, who ostensibly suffered from silica-related diseases, and who brought claims against the following eight businesses which were insured by The Hartford and other insurance companies: Pulmosan, Pauli & Griffin, Gifford Hill, Humble Sand, Ideal Basic, Mine Safety Appliances ("MSA"), Oglebay Norton and Empire Abrasives (the "Insureds" or Accounts").

9. As team leader and first line supervisor, Rossow supervised and managed seven of eight Accounts. Rossow assigned Prestage to the following five Accounts: Pulmosan, Pauli & Griffin, Gifford Hill, Humble Sand and Ideal Basic.

10. On or about February 26, 2002, Hoeffner called a meeting in New Hampshire for all major insurance carriers involved in silica litigation against The Hartford and other insurance companies. Prestage attended this meeting on behalf of The Hartford. At this meeting, Hoeffner proposed to settle all of his clients' silica-related claims.

11. Defendant Hoeffner would and did represent Specialty Sand, a policyholder of The Hartford, in connection with threatened legal action against The Hartford regarding its insurance coverage provided to Specialty Sand relating to silica lawsuits pending against Specialty Sand. Hoeffner also represented individuals who filed claims against Specialty Sand.

B. THE CONSPIRACY

12. From in or about February 2002 and continuing through in or about November 2004, in the Houston Division of the Southern District of Texas and elsewhere, the defendants,

WARREN TODD HOFFNER,

RACHEL ROSSOW, and

JOHN PRESTAGE

did knowingly combine, conspire, confederate and agree with each other and others known and unknown to the Grand Jury to commit the following offenses against the United States:

- a. To knowingly devise and intend to devise a scheme and artifice to defraud and to obtain money by means of false and fraudulent pretenses, representations and promises and knowingly to use and cause to be used the United States mail and private and commercial

interstate carriers for the purpose of executing the scheme and artifice to defraud, in violation of Title 18, United States Code, Section 1341;

- b. To knowingly devise and intend to devise a scheme and artifice to defraud and to obtain money by means of false and fraudulent pretenses, representations and promises and knowingly to transmit and cause to be transmitted by means of wire, radio or television communication, writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, in violation of Title 18, United States Code, Section 1343.

C. THE MANNER AND MEANS

It was a part of the conspiracy that:

13. Defendants Hoeffner, Rossow and Prestage would and did meet together in various places including Laguna Beach, California, New York City, Palm Beach, Florida, and Nashville, Tennessee, and communicate by cell phones, during the negotiation of the settlement of claims of Hoeffner's clients, the majority of which were managed and/or supervised by Rossow and Prestage.

14. Defendant Hoeffner would and did make payments to defendants Rossow and Prestage, through bribes and kickbacks, for recommending to The Hartford that The Hartford pay certain amounts to settle the claims of his clients

against The Hartford's Insureds and The Hartford.

15. Defendants Hoeffner, Rossow and Prestage would and did falsely promise, pretend and represent to The Hartford, directly and through their agents, in interstate and intrastate telephone conversations, by electronic mail ("email"), in documents sent by and through the United States mail and interstate and international carriers, and by authorizing checks in certain amounts for settlement payments, that the settlement amounts of the claims against The Hartford's Insureds and The Hartford were appropriate amounts to settle the claims in the best interests of The Hartford and its Insureds, well knowing that the defendants intended that some of that money (the "Settlement Funds") would instead be funneled by and through Hoeffner to Rossow and Prestage, employees of The Hartford.

16. Defendants would and did induce The Hartford to pay more than \$34,000,000.00 in Settlement Funds, knowing that more than \$3,000,000.00 of those funds would be used to pay bribes and kickbacks to Rossow and Prestage. Rossow received approximately \$2,681,873.79 in bribes and kickbacks. Prestage received approximately \$764,476.21 in bribes and kickbacks. Additionally, Hoeffner received approximately \$5,366,839.20 in attorney's fees paid out of the Settlement Funds.

D. OVERT ACTS

In furtherance of the conspiracy and to effect the objects thereof, the defendants committed the following overt acts, among others:

(1) On or about August 29, 2002, defendant Hoeffner charged and caused to be charged to an American Express account in his name two round trip airline tickets on Delta Airlines from Hartford, Connecticut, to West Palm Beach, Florida, one for defendant Rossow and one for defendant Prestage.

(2) On or about September 6, 2002, defendant Hoeffner caused \$97,000.00 to be transferred by wire from his personal money market investment account at Secured Trust Bank in Tyler, Texas, to Fleet Bank in Hartford, Connecticut, for the benefit of New Country Motors, Inc. to purchase two BMW automobiles, one each for defendants Rossow and Prestage.

(3) On or about September 9, 2002, defendant Prestage signed a delivery agreement at New Country Motors in Hartford, Connecticut, for a new 2002 BMW 530ia automobile with a total sales price of approximately \$46,876.00.

(4) On or about October 30, 2002, defendant Rossow signed a delivery agreement with New Country Motors in Hartford, Connecticut, for a 2003 BMW 530ia automobile with a total sales price of approximately \$50,124.00.

(5) On or about November 22, 2002, defendant Hoeffner caused The

Hartford's check #077568595, payable to Hoeffner & Bilek Trust Account, dated November 20, 2002, in the amount of \$2,000,000.00 (memo: "Humble Sand First Payment") to be deposited into Hoeffner and Bilek's IOLTA Foundation Trust Account at American Bank in Corpus Christi, Texas.

(6) On or about November 26, 2002, defendant Hoeffner signed check #1351 payable to John Prestage in the amount of \$262,500.00, with the memo "Title VII settlement with Bell and Hoeffner," drawn on Hoeffner & Bilek's IOLTA Foundation Trust Account at American Bank in Corpus Christi, Texas.

(7) On or about November 26, 2002, defendant Prestage deposited and caused to be deposited check #1351 payable to John Prestage in the amount of \$262,500.00, drawn on Hoeffner & Bilek's IOLTA Foundation Trust Account into his personal account at American Savings Bank in Connecticut.

(8) On or about November 26, 2002, defendant Hoeffner signed check #1352 payable to "Rachael Rossow" in the amount of \$312,500.00, with the memo "Title VII settlement with Bell and Hoeffner," drawn on Hoeffner & Bilek's IOLTA Foundation Trust Account at American Bank in Corpus Christi, Texas.

(9) On or about February 4, 2003, defendant Hoeffner signed check #1360 payable to John Prestage in the amount of \$265,500.00, with the memo "Final Title VII Settlement re: Bell and Hoeffner," drawn on Hoeffner & Bilek's IOLTA

Foundation Trust Account at American Bank in Corpus Christi, Texas.

(10) On or about February 4, 2003, defendant Hoeffner signed check #1361 payable to "Rachael Rossow" in the amount of \$312,500.00, with the memo "Final Title VII Settlement re: Bell and Hoeffner," drawn on Hoeffner & Bilek's IOLTA Foundation Trust Account at American Bank in Corpus Christi, Texas.

(11) On or about February 5, 2003, defendant Hoeffner caused The Hartford's check #077926564, payable to Hoeffner & Bilek Trust Account, dated February 3, 2003, in the amount of \$2,000,000.00 (memo: "Final Pymt Humble Global Settlement") to be deposited into Hoeffner and Bilek's IOLTA Foundation Trust Account at American Bank in Corpus Christi, Texas.

(12) On or about February 6, 2003, defendant Prestage deposited and caused to be deposited into his personal account at American Savings Bank in Connecticut check #1360 payable to John Prestage, in the amount of \$265,500.00, drawn on Hoeffner & Bilek's IOLTA Foundation Trust Account at American Bank in Corpus Christi, Texas.

(13) On or about February 6, 2003, defendant Hoeffner caused to be deposited into Hoeffner and Bilek's IOLTA Trust account at Southwest Bank of Texas in Houston, Texas, The Hartford's checks #077926483 and #077926472, both payable to Hoeffner & Bilek Trust Account, and both in the amount of

\$295,312.50; The Hartford check #077926181, payable to Hoeffner & Bilek LLP, in the amount of \$117,000.00; and Horizon, a subsidiary of The Hartford, check #96755383, payable to Hoeffner & Bilek in the amount of \$1,987,720.28.

(14) On or about February 20, 2003, defendant Hoeffner caused The Hartford's check #077926494, payable to Hoeffner & Bilek, LLP Trust Account, dated January 30, 2003, in the amount of \$145,000.00 (memo: "Gifford Hill East Texas") to be deposited into Hoeffner and Bilek's IOLTA Trust Account at Southwest Bank of Texas in Houston, Texas.

(15) On or about February 20, 2003, defendant Hoeffner signed check #2883 payable to Rachel Rossow in the amount of \$25,000.00, drawn on Hoeffner & Bilek's IOLTA Trust Account at Southwest Bank of Texas in Houston, Texas.

(16) On or about February 25, 2003, defendant Rossow deposited and caused to deposited check #1352 payable to "Rachael Rossow," dated November 26, 2002, in the amount of \$312,500.00, signed by defendant Hoeffner, drawn on Hoeffner & Bilek's IOLTA Foundation Trust Account into her personal checking account at Windsor Federal Savings & Loan in Connecticut.

(17) On or about February 26, 2003, defendant Hoeffner signed check #2884 payable to Rachel Rossow in the amount of \$148,750.00, drawn on Hoeffner & Bilek's IOLTA Trust Account at Southwest Bank of Texas in

Houston, Texas.

(18) On or about March 3, 2003, defendant Rossow deposited and caused to be deposited into her new Jumbo Money Market account at Windsor Federal Savings & Loan in Connecticut, the following checks, all made payable to her, and signed by defendant Hoeffner, check #1361, dated February 4, 2003, in the amount of \$312,500.00, drawn on Hoeffner & Bilek's IOLTA Foundation Trust Account at American Bank; check #2883, dated February 20, 2003, in the amount of \$25,000.00, drawn on Hoeffner & Bilek's IOLTA Trust Account at Southwest Bank of Texas; and check #2884, dated February 26, 2003, in the amount of \$148,750.00, drawn on Hoeffner & Bilek's IOLTA Trust Account at Southwest Bank of Texas.

(19) On or about June 16, 2003, defendant Hoeffner charged and caused to be charged to an American Express account in his name two round trip airline tickets on US Airways from Hartford, Connecticut, to Santa Ana, California, one for defendant Rossow and one for defendant Prestage.

(20) On or about July 17, 2003, defendant Hoeffner caused two checks from Horizon, a subsidiary of The Hartford, check #96756206, payable to Hoeffner & Bilek Trust Account, in the amount of \$58,000.00, and check #96756207, payable to Hoeffner and Bilek Trust Account, in the amount of

\$46,000.00, to be deposited into Hoeffner and Bilek's IOLTA Foundation Trust account at American Bank in Corpus Christi, Texas.

(21) On or about July 28, 2003, defendant Prestage deposited and caused to be deposited into his personal account at Banknorth in Connecticut, check #1086 payable to John Prestage, dated July 20, 2003, in the amount of \$8,000.00, signed by defendant Hoeffner, drawn on Hoeffner's personal bank account at Sterling Bank in Houston, Texas, with the memo "loan."

(22) On or about September 3, 2003, defendant Rossow deposited and caused to be deposited into her new Jumbo Money Market account at Windsor Federal Savings & Loan in Connecticut, check #1091 payable to "Rachael Rossow," dated July 20, 2003, in the amount of \$8,000.00, signed by defendant Hoeffner, drawn on Hoeffner's personal bank account at Sterling Bank in Houston, Texas, with "loan" written in the memo section.

(23) On or about November 20, 2003, defendant Hoeffner caused The Hartford to wire transfer \$10,000,000.00 from Fleet National Bank in Hartford, Connecticut, to the bank account of Specialty Sand Qualified Settlement Fund Trust at Bank of Texas in Dallas, Texas.

(24) On or about November 25, 2003, defendant Hoeffner caused \$583,887.42 to be wire transferred from the bank account of Specialty Sand at

Bank of Texas in Dallas, Texas, to Hoeffner and Bilek's IOLTA Foundation Trust Account at American Bank in Corpus Christi, Texas.

(25) On or about December 5, 2003, defendant Hoeffner caused \$3,000,000.00 to be wire transferred from the bank account of Specialty Sand Qualified Settlement Fund Trust at Bank of Texas in Dallas, Texas, to Hoeffner and Bilek's IOLTA Foundation Trust Account at American Bank in Corpus Christi, Texas.

(26) On or about December 5, 2003, defendant Hoeffner wrote and caused to be written check #1369 made payable to "Rachael Rossow" in the amount of \$1,675,000.00 drawn on the account of Hoeffner and Bilek IOLTA Foundation Trust Account at American Bank in Corpus Christi, Texas, with the notation in the memo section of the check, "Final title VII settlement - Part I."

(27) On or about December 5, 2003, defendant Rachel Rossow deposited and caused to be deposited into a personal investment account at SmithBarney in Connecticut check #1369 made payable to "Rachael Rossow" in the amount of \$1,675,000.00 drawn on the account of Hoeffner and Bilek's IOLTA Foundation Trust Account at American Bank.

(28) On or about January 6, 2004, defendant Hoeffner caused to be issued check #10756 payable to "John Prestige" in the amount of \$6,600.00 drawn on the

account of Hoeffner & Bilek at Southwest Bank of Texas in Houston, Texas.

(29) On or about January 8, 2004, defendant Prestage deposited and caused to be deposited check #10756 payable to him in the amount of \$6,600.00 drawn on the account of Hoeffner & Bilek at Southwest Bank of Texas in Houston, Texas, into a checking account at Banknorth in Connecticut.

(30) On or about March 15, 2004, defendant Hoeffner caused The Hartford to wire transfer \$10,000,000.00 from Fleet National Bank in Hartford, Connecticut, to the bank account of Specialty Sand Qualified Settlement Fund Trust at Bank of Texas in Dallas, Texas.

(31) On or about April 6, 2004, defendant Hoeffner caused \$4,000,000.00 to be wire transferred from the bank account of the Specialty Sand Qualified Settlement Fund Trust at Bank of Texas in Dallas, Texas, to Hoeffner and Bilek's IOLTA Foundation Trust Account at American Bank in Corpus Christi, Texas.

(32) On or about April 7, 2004, defendant Hoeffner wire transferred and caused to be wire transferred \$150,000.00 from the Hoeffner & Bilek IOLTA Foundation Trust Account at American Bank in Corpus Christi, Texas, to defendant Rossow's checking account at Windsor Federal Savings and Loan in Windsor, Connecticut.

(33) On or about April 12, 2004, defendant Hoeffner purchased and

caused to be purchased a Sterling Bank cashier's check in the amount of \$125,000.00 payable to the United States Treasury with the remitter listed as John Prestage and Warren T. Hoeffner.

(34) On or about November 6, 2004, defendant Prestage wrote check #1919 in the amount of \$66,000.00 payable to the United States Treasury on his account at Banknorth in Connecticut.

In violation of Title 18, United States Code, Section 371.

COUNT TWO

(Conspiracy to Money Launder, 18 U.S.C. § 1956(h))

A. INTRODUCTION

1. The Grand Jury realleges and incorporates by reference, as though set out at length herein, paragraphs 1 through 11 and paragraphs 13 through 16 of Count One of the Indictment.

B. CONSPIRACY TO MONEY LAUNDER

2. From in or about February 2002 and continuing through in or about November 2004, in the Houston Division of the Southern District of Texas and elsewhere,

WARREN TODD HOEFFNER,

RACHEL ROSSOW,

and

JOHN PRESTAGE

defendants herein, together with others known and unknown to the Grand Jury, did knowingly combine, conspire, confederate and agree among themselves and with one another to commit the following offenses against the United States:

- a. To knowingly conduct and attempt to conduct financial transactions, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, that is wire fraud and mail fraud, knowing that the transactions were designed in whole or in part to conceal, or disguise the nature, the location, the source, the ownership, or the control of the proceeds of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i);
- b. To knowingly conduct and attempt to conduct financial transactions which involved the proceeds of a specified unlawful activity, with the intent to promote the carrying on of specified unlawful activity, that is wire fraud and mail fraud, and knowing that the property involved in the financial transactions represented the proceeds of

some form of unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i); and

- c. To knowingly engage in and attempt to engage in monetary transactions within the United States in criminally derived property that is of a value greater than \$10,000 and is derived from specified unlawful activity, that is wire fraud and mail fraud, in violation of Title 18, United States Code, Section 1957.

In violation of Title 18, United States Code, Section 1956(h).

COUNT THREE

(Wire Fraud - 18 USC § 1343)

A. INTRODUCTION

1. The Grand Jury realleges and incorporates by reference as though set out at length herein, paragraphs 1 through 11 of Count One of the Indictment.

2. On or about September 26, 2002, defendant Hoeffner arranged to purchase from New Country Motors in Hartford, Connecticut two BMW automobiles, one to be delivered to defendant Rossow and one to be delivered to defendant Prestage, during defendant Hoeffner's negotiations with The Hartford on the settlement of claims of his clients against The Hartford and its Insureds,

whose Accounts were managed or supervised by defendants Rossow and Prestage on behalf of The Hartford.

3. On or about September 9, 2002, defendant Prestage accepted delivery of the BMW automobile purchased for him by defendant Hoeffner.

4. On or about October 22, 2002, defendant Rossow accepted delivery of the BMW automobile purchased for her by defendant Hoeffner.

B. THE SCHEME AND ARTIFICE TO DEFRAUD

5. Beginning in or about February 2002 and continuing to in or about November 2004, in the Houston Division of the Southern District of Texas and elsewhere, the defendants

WARREN TODD HOFFNER,

RACHEL ROSSOW,

and

JOHN PRESTAGE

and others, known and unknown to the Grand Jury, each aiding and abetting one another, did knowingly devise and intend to devise a scheme and artifice to defraud The Hartford and to deprive The Hartford of its right to the honest services of Prestage and Rossow, and to obtain money and property from The Hartford by means of false and fraudulent pretenses, representations and promises,

and attempting to do so, including the concealment of material facts.

C. MANNER AND MEANS

It was part of the scheme and artifice to defraud that:

6. Defendants Hoeffner, Rossow and Prestage would and did meet together in various places including Laguna Beach, California, New York City, Palm Beach, Florida, and Nashville, Tennessee, and communicate by cell phones, during the negotiation of the settlement of claims of Hoeffner's clients which were managed and/or supervised by Rossow and Prestage.

7. Defendant Hoeffner would and did make payments to defendants Rossow and Prestage, through bribes and kickbacks, for recommending to The Hartford that The Hartford pay certain amounts to settle the claims of his clients against The Hartford's Insureds and The Hartford.

8. Defendants Hoeffner, Rossow and Prestage would and did falsely promise, pretend and represent to The Hartford, directly and through their agents, in interstate and intrastate telephone conversations, by electronic mail ("email"), in documents sent by and through the United States mail and interstate and international carriers, and by authorizing checks in certain amounts for settlement payments, that the settlement amounts of the claims against The Hartford's Insureds were appropriate amounts to settle the claims in the best interests of The

Hartford and its Insureds, well knowing that the defendants intended that some of that money (the "Settlement Funds") would instead be funneled by and through Hoeffner to Rossow and Prestage, employees of The Hartford.

9. Defendants would and did induce The Hartford to pay more than \$34,000,000.00 in Settlement Funds, knowing that more than \$3,000,000.00 of those funds would be used to pay bribes and kickbacks to Rossow and Prestage. Rossow received approximately \$2,681,873.79 in bribes and kickbacks. Prestage received approximately \$764,476.21 in bribes and kickbacks. Additionally, Hoeffner received approximately \$5,366,839.20 in attorney's fees paid out of the Settlement Funds.

D. EXECUTION OF THE SCHEME AND ARTIFICE

10. On or about September 6, 2002, in the Houston Division of the Southern District of Texas and elsewhere, defendants

WARREN TODD HOFFNER,

RACHEL ROSSOW,

and

JOHN PRESTAGE

and others, known and unknown to the Grand Jury, each aiding and abetting one another, for purposes of executing and attempting to do so, knowingly transmitted

and caused to be transmitted by means of wire, radio, and television communication, writings, signs, signals, pictures, and sounds, that is \$97,000.00 transferred by wire from defendant Hoeffner's personal money market investment account at Secured Trust Bank (now Texas State Bank) in Tyler, Texas, to Fleet Bank in Hartford, Connecticut for the benefit of New Country Motors, Inc. in Hartford, Connecticut.

In violation of Title 18, United States Code, Sections 1343, 1346 and 2.

COUNT FOUR
(18 U.S.C. 1343 - Wire Fraud)

A. INTRODUCTION

1. The Grand Jury realleges and incorporates by reference, as though set out at length herein, paragraphs 1 through 11 of Count One and paragraphs 2 through 4 of Count Three of the Indictment.

B. THE SCHEME AND ARTIFICE TO DEFRAUD

2. Beginning in or about February 2002 and continuing to in or about November 2004, in the Houston Division of the Southern District of Texas and elsewhere, the defendants

WARREN TODD HOEFFNER,

RACHEL ROSSOW,

and

JOHN PRESTAGE

and others, known and unknown to the Grand Jury, each aiding and abetting one another, did knowingly devise and intend to devise a scheme and artifice to defraud The Hartford and to deprive The Hartford of its right to the honest services of Prestage and Rossow, and to obtain money and property from The Hartford by means of false and fraudulent pretenses, representations and promises, and attempting to do so, including the concealment of material facts.

C. MANNER AND MEANS

3. The Grand Jury realleges and incorporates by reference, as though set out at length herein, paragraphs 6 through 9 of Count Three.

D. EXECUTION OF THE SCHEME AND ARTIFICE

4. On or about April 7, 2004, in the Houston Division of the Southern District of Texas and elsewhere, defendants

WARREN TODD HOEFFNER,

RACHEL ROSSOW,

and

JOHN PRESTAGE

and others, known and unknown to the Grand Jury, each aiding and abetting one another, for the purpose of executing the aforesaid described scheme and artifice to defraud, and attempting to do so, knowingly transmitted and caused to be transmitted by means of wire, radio, and television communication, writings, signs, signals, pictures, and sounds, that is \$150,000.00 transferred by wire from the Hoeffner & Bilek IOLTA Foundation Trust Account at American Bank in Corpus Christi, Texas to the account of defendant Rossow at Windsor Federal Savings and Loan in Connecticut.

In violation of Title 18, United States Code, Sections 1343, 1346 and 2.

COUNTS FIVE through EIGHT
(18 U.S.C. 1341 - Mail Fraud)

A. INTRODUCTION

1. The Grand Jury realleges and incorporates by reference, as though set forth in full herein, paragraphs 1 through 11 of Count One and paragraphs 2 through 4 of Count Three of this Indictment.

B. THE SCHEME AND ARTIFICE TO DEFRAUD

2. Beginning in or about February 2002 and continuing to in or about

November 2004, in the Houston Division of the Southern District of Texas and elsewhere, the defendants

WARREN TODD HOEFFNER,

RACHEL ROSSOW,

and

JOHN PRESTAGE

and others, known and unknown to the Grand Jury, each aiding and abetting one another, did knowingly devise and intend to devise a scheme and artifice to defraud The Hartford and to deprive The Hartford of its right to the honest services of Prestage and Rossow, and to obtain money and property from The Hartford by means of false and fraudulent pretenses, representations and promises, and attempting to do so, including the concealment of material facts.

C. THE MANNER AND MEANS

3. The Grand jury realleges and incorporates by reference as though set forth in full herein, paragraphs 6 through 9 of Count Three.

D. EXECUTION OF THE SCHEME AND ARTIFICE

4. On or about the dates set out in the Counts below, in the Houston Division of the Southern District of Texas, and elsewhere, defendants

WARREN TODD HOEFFNER,

RACHEL ROSSOW,

and

JOHN PRESTAGE

and others known and unknown to the Grand Jury, each aiding and abetting one another, for the purpose of executing the aforesaid scheme and artifice to defraud and attempting to do so, did knowingly cause to be sent and delivered by the United States Postal Service, and private or commercial interstate carriers, as described below according to the directions thereon, and did knowingly take and receive and cause to be taken and received therefrom the following matters and things set out in the counts below:

COUNT	DATE	MAIL/CARRIER	MATTER
Count Five	November 20, 2002	Airborne Express	Check number 077568595 from The Hartford i/a/o \$2,000,000 payable to Hoeffner & Bilek Trust Account

Count Six	January 29, 2003	United States Postal Service	Check numbers 077926472 and 077926483 from The Hartford both i/a/o \$295,312.50 and both payable to Hoeffner & Bilek Trust Account
Count Seven	January 30, 2003	Federal Express	Check number 077926494 from The Hartford i/a/o \$145,000.00 payable to Hoeffner & Bilek, LLP Trust Account
Count Eight	February 3, 2003	Federal Express	Check number 077926564 from The Hartford i/a/o \$2,000,000 payable to Hoeffner & Bilek Trust Account

In violation of Title 18, United States Code, Section 1341, 1346 and 2.

COUNTS NINE through TWELVE
(18 U.S.C. 1957(a) - Monetary Transactions Involving
Property Derived from Specified Unlawful Activity)

A. INTRODUCTION

1. The Grand Jury realleges and incorporates by reference, as though set forth in full herein, paragraphs 1 through 11 of Count One and paragraphs 2 through 4 of Count Three of this Indictment.

B. MONETARY TRANSACTIONS

2. On or about each of the dates set out in the counts below, in the Houston Division of the Southern District of Texas and elsewhere, defendants

WARREN TODD HOFFNER,

RACHEL ROSSOW,

and

JOHN PRESTAGE

and others known and unknown to the Grand Jury, each aiding and abetting one another, did knowingly engage in, and attempt to engage in, a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the transfer by check drawn on the Hoeffner & Bilek Trust Account, styled "IOLTA Foundation Trust Account," at American Bank in Corpus Christi, Texas, a financial institution engaged in interstate commerce, in

the amounts to the payees indicated below, such funds having been derived from specified unlawful activity, that is mail fraud, in violation of Title 18, United States Code, Section 1341:

COUNT	DATE	Check No.	Payee	Amount
Nine	November 26, 2002	1351	John Prestage	\$262,500.00
Ten	November 26, 2002	1352	Rachel Rossow	\$312,500.00
Eleven	February 4, 2003	1360	John Prestage	\$265,500.00
Twelve	February 4, 2003	1361	Rachel Rossow	\$312,500.00

In violation of Title 18, United States Code, Sections 1957(a) and 2.

COUNT THIRTEEN

(18 U.S.C. 1957(a) - Monetary Transactions Involving
Property Derived from Specified Unlawful Activity)

A. INTRODUCTION

1. The Grand Jury realleges and incorporates by reference, as though set forth in full herein, paragraphs 1 through 11 of Count One and paragraphs 2 through 4 of Count Three of this Indictment.

B. MONETARY TRANSACTIONS

2. On or about December 5, 2003, in the Houston Division of the Southern

District of Texas and elsewhere, defendants

WARREN TODD HOFFNER,

RACHEL ROSSOW,

and

JOHN PRESTAGE

and others known and unknown to the Grand Jury, each aiding and abetting one another, did knowingly engage in, and attempt to engage in, a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the transfer by check #1369 in the amount of \$1,675,000.00 payable to defendant Rossow and drawn on the Hoeffner & Bilek Trust Account, styled "IOLTA Foundation Trust Account," at American Bank in Corpus Christi, Texas, a financial institution engaged in interstate commerce, such funds having been derived from specified unlawful activity, that is wire fraud, in violation of Title 18, United States Code, Section 1343.

In violation of Title 18, United States Code, Sections 1957(a) and 2.

COUNT FOURTEEN
(18 U.S.C. 1957(a) - Monetary Transactions Involving
Property Derived from Specified Unlawful Activity)

A. INTRODUCTION

1. The Grand Jury realleges and incorporates by reference, as though set forth in full herein, paragraphs 1 through 11 of Count One and paragraphs 2 through 4 of Count Three of this Indictment.

B. MONETARY TRANSACTIONS

2. On or about April 7, 2004, in the Houston Division of the Southern District of Texas and elsewhere, defendants

WARREN TODD HOFFNER,

RACHEL ROSSOW,

and

JOHN PRESTAGE

and others known and unknown to the Grand Jury, each aiding and abetting one another, did knowingly engage in, and attempt to engage in, a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, that is, the transfer by wire of \$150,000 from the Hoeffner & Bilek Trust Account, styled "IOLTA Foundation Trust Account," at American Bank in Corpus Christi, Texas, a financial institution engaged in interstate

commerce, to the checking account of defendant Rossow at Windsor Federal Savings and Loan in Windsor, Connecticut, such funds having been derived from specified unlawful activity, that is wire fraud, in violation of Title 18, United States Code, Section 1343.

In violation of Title 18, United States Code, Sections 1957(a) and 2.

NOTICE OF CRIMINAL FORFEITURE
(18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461)
Counts 1, 3-8

Pursuant to Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 981(a)(1)(C), as a result of the commission of violations charged in Counts One, and Three through Eight of this Indictment, the defendants

WARREN TODD HOEFFNER

RACHEL ROSSOW

JOHN PRESTAGE

are provided notice that upon conviction, all property which constitutes or is derived from proceeds traceable to a violation of Title 18, United States Code, Sections 1341, 1343, or a conspiracy to commit such offenses, shall be forfeited to

the United States. Such property includes, but is not limited to, the following:

- (1) Approximately \$8,813,189.20 in U.S. Currency, which represents the proceeds obtained from the conspiracy as alleged in Count One of this indictment;
- (2) Approximately \$8,813,189.20 in U.S. Currency, which represents the proceeds obtained from the overall scheme as alleged in Counts Three through Eight of this Indictment;
- (3) All funds in Citi Smith Barney, Account #xxx-xxx64-16, in the name of Rachel M. Rossow, including any interest, dividends or other monies representing appreciated value of the initial investment;
- (4) 2003 BMW 530ia Automobile, registered to Rachael M. Rossow; and
- (5) 2003 Volvo XC90 Automobile, registered to John F. Prestage.

NOTICE OF CRIMINAL FORFEITURE

(18 U.S.C. § 982(a)(1))

Counts 2, 9-14

Pursuant to Title 18, United States Code, Section 982(a)(1), as a result of the commission of the violations charged in Counts Two and Counts Nine through Fourteen of this Indictment, the defendants

WARREN TODD HOEFFNER

RACHEL ROSSOW

JOHN PRESTAGE

are provided notice that upon conviction, all property, real and personal, involved in a violation of Title 18, United States Code, Sections 1956(h) or 1957(a), and all property traceable to such property, shall be forfeited to the United States. Such property includes, but is not limited to, the following:

- Count 2:
- (1) Approximately \$8,813,189.20 in U.S. Currency, which represents the money involved in, or traceable to, the money laundering conspiracy;
 - (2) All funds in the Citi Smith Barney account, previously identified in this notice, including any interest, dividends or other monies representing appreciated value of the initial investment;
 - (3) 2003 BMW 530ia Automobile, registered to Rachael M.

Rossow; and

(4) 2003 Volvo XC90 Automobile, registered to John F. Prestage.

Counts 9, 11: Approximately \$528,000.00 in U.S. Currency; and

the 2003 Volvo XC90, previously identified in this notice, which is traceable to property involved in money laundering violations as alleged in Counts Nine and Eleven.

Counts 10,
12-14:

(1) Approximately \$2,450,000.00 in U.S. Currency; and

(2) Approximately \$2,300,000.00 in the Citi Smith Barney account, previously identified in this notice, which is traceable to property involved in money laundering violations as alleged in Counts Ten and Twelve through Thirteen, with appreciated value.

All defendants may be jointly and severally liable for all money judgments imposed in this case.

SUBSTITUTE ASSETS


In the event that the property subject to forfeiture as a result of any act or omission of the defendant:

- a. cannot be located upon exercise of due diligence;

- b. has been placed beyond the jurisdiction of the Court;
- c. has been transferred or sold to, or deposited with a third party;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States to seek forfeiture of any other property of the defendant up to the value of such property pursuant to Title 21, United States Code, Section 853(p), and Title 18, United States Code, Section 982(b)(1) incorporating Title 21, United States Code, Section 853(p).

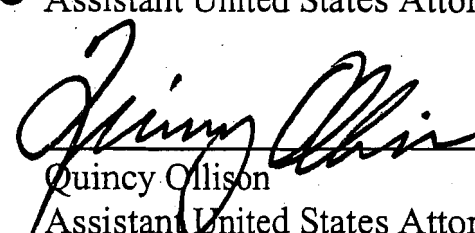

Original Signature on File


FOREPERSON OF THE GRAND JURY

DONALD J. DeGABRIELLE, JR.
United States Attorney

By: 

John Braddock
Assistant United States Attorney


Quincy Ollison
Assistant United States Attorney